CCFunds™ Maximise your return

GLOBAL BALANCED INCOME FUND

SHARE CLASS B (DISTRIBUTOR) - FACT SHEET

Factsheet at 31st July 2024

Month end NAV as at 31st July 2024

Investment Objective and Policies

The Fund seeks to provide stable, long-term capital appreciation by investing in a diversified portfolio of local and international bonds, equities and other income-generating assets. The Investment Manager shall diversify the assets of the Fund among different assets classes. The manager may invest in both Investment Grade and High Yield bonds rated at the time of investment at least "B-" by S&P, or in bonds determined to be of comparable quality, provided that the Fund may invest up 10% in non-rated bonds, whilst maintain an exposure to direct rated bonds of at least 25% of the value of the Fund. Investments in equities may include but are not limited to dividend-paying securities, equities, exchange traded funds as well as through the use of Collective Investment Schemes. The Fund is actively managed, not managed by reference to any index.

Fund Type	UCITS
Minimum Initial Investment	€2,500

Sustainability

The Fund is classified under Article 6 of the SFDR meaning that the investments underlying this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

Fund Details

ISIN	MT7000023891
Bloomberg Ticker	CCGBIFB MV

Charges

Entry Charge	Up to 2.5%
Exit Charge	None
Total Expense Ratio	2.54%

Currency fluctuations may increase/decrease costs.

Risk and Reward Profile

This section should be read in conjuction with the KIID

Lower Risk	Higher Risk
Potentially lower reward	Potentially higher reward

1 2 3 **4** 5 6 7

Portfolio Statistics

Total Net Assets (in €mns)	12.9
Month end NAV in EUR	11.63
Number of Holdings	74
% of Top 10 Holdings	20.3

Current Yield

Last 12-m Distrib. Yield (%)	2.25

Country Allocation[1]

Country Allocation[1]	%
USA	41.4
Malta	9.8
France	8.8
Great Britain	5.5
Netherlands	4.8
Luxembourg	4.4
Germany	4.3
Brazil	2.8
Taiwan	1.7
Denmark	1.6

[1] including exposures to ETFs

By Credit Rating[2]

By Credit Rating[2]	%
AAA to BBB-	16.7
BB+ to BB-	17.2
B+ to B-	3.2
CCC+ to CCC	1.0
Not Rated	7.9

[2] excluding exposures to ETFs

Top 10 Exposures

Top 10 Exposures	%
Bank of America Corp	2.4
Amazon Inc	2.3
iShares Core S&P 500	2.3
Pfizer Inc	2.1
Uber Technologies Inc	2.0
iShares Euro High Yield Corp	2.0
3.5% France (Govt of) 2033	2.0
Alphabet Inc	2.0
Taiwan Semiconductor	1.7
Microsoft Corp	1.6

Currency Allocation

Currency Allocation	%
EUR	53.5
USD	45.5
GBP	1.0

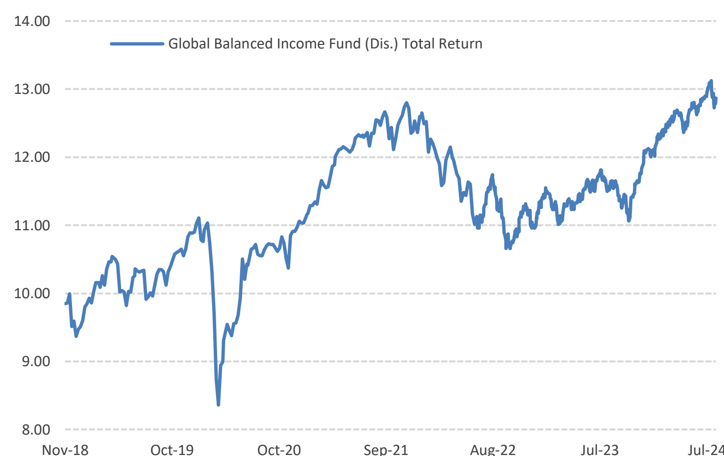
Asset Allocation[1]

Asset Allocation[1]	%
Cash	6.1
Bonds	49.4
Equities	44.5

Maturity Buckets

Maturity Buckets	%
0 - 5 years	22.0
5 - 10 years	17.8
10 years +	6.1

Historical Performance to Date**



Source: Calamatta Cuschieri Investment Management Ltd.

Sector Breakdown

Sector Breakdown	%
Financial	17.1
Communications	15.4
Consumer, Non-cyclical	14.8
Consumer, Cyclical	9.2
Technology	9.1
ETFs	7.0
Basic Materials	6.3
Diversified	6.1
Sovereign	4.2
Energy	3.5
Healthcare	1.2

Performance History**

Past performance does not predict future returns

Calendar Year Performance	YTD	2023	2022	2021	2020	2019	Annualised Since Inception***
Total Return******	6.21	10.58	-12.92	12.81	2.52	14.90	4.80

Calendar Year Performance	1-month	3-month	6-month	9-month	12-month
Total Return******	-0.26	3.29	4.96	15.28	8.95

* Data in the chart does not include any dividends distributed since the Fund was launched on 19 November 2018.

** Performance figures are calculated using the Value Added Monthly Index "VAMI" principle. The VAMI calculates the total return gained by an investor from reinvestment of any dividends and additional interest gained through compounding.

*** The Distributor Share Class (Class B) was launched on 19 November 2018. The Annualised rate is an indication of the average growth of the Fund over one year. The value of the investment and the income yield derived from the investment, if any, may go down as well as up and past performance is not necessarily indicative of future performance, nor a reliable guide to future performance. Hence returns may not be achieved and you may lose all or part of your investment in the Fund. Currency fluctuations may affect the value of investments and any derived income.

**** Returns quoted net of TER. Entry and exit charges may reduce returns for investors.

Market Commentary

Introduction

As so far, 2024 was a year of very positive surprises in both economic and financial markets terms. July started shacking the general feel good vibe to the core. First bringing to the spotlight the implications of the US elections outcome (whatever that might be), particularly on the geopolitical and trade implications spectrum, then raising some doubts about the wellbeing of the US consumer, it all brought pressure to an unusual extent initially on equities, and finally on bond markets. For the first time market participants started doubting about the FED controlling the soft landing process, while on the other side of the Pacific the exit from a decade-long dovish monetary policies seriously rattled investors caught in the famous Yen carry-trade. As the earnings season progressed, a distinct feeling of uneasiness has started creeping up on investors' minds, as positive surprises on sales have been the fewest in the post-covid era, and overall numbers just have not been able to sustain market optimism. Finally, the never-subsiding geopolitical tensions in the Middle East contributed to rising tensions on financial markets. Overall, a slew of negative developments has been enough to create a tantrum for markets that have been already riding high for too long on unfounded fundamentals as some have already argued. The amount of uncertainty about the short-term and long-term has increased symmetrically with markets volatility giving way to a lot of worries which so far have been muted in particular by AI dreams. Coming back to the US elections, they seem to come in play again as Democrats have received a boost from President Biden stepping down from the White House race. By the time of the actual elections, it looks like markets will have to live with uncertainty regarding both the economic and political perspectives.

From the monetary front, FED officials held short-term interest rates steady in their July meeting but indicated that inflation is getting closer to their target, which could open the door for future interest rate cuts. Furthermore, Chair Powell indicated that while no decision has been made about actions at future meetings, a cut could come as soon as September if economic data showed inflation is easing. While some market participants where actually expecting an interest rate cut in this meeting, generally markets welcomed the FOMC signal of shifting its focus from its low inflation mandate to its full employment one. While in the Eurozone the ECB made no sudden move in the month leaving the general consensus for expectations of two more cuts this year, it was the Bank of Japan that ultimately stole the spotlight. More than raising its target interest rate to 0.25%, a level unseen in 15 years, it also unveiled a detailed plan to slow its massive bond buying. The rate hike surprised markets which were expecting no change, taking another step towards phasing out its Abenomics-related huge stimulus.

In equity markets, the main story has been the casting of doubts as regards the sustainability of the AI-investment theme, which carried markets in the last twelve months. Earnings releases from the hyperscalers (read Microsoft, Alphabet, Amazon, Meta Platforms and Apple), which were the in the forefront of implementing AI in their regular business models, have displayed an industry status where after material capex spending there is no apparent obvious way of monetizing such endeavour in the very short-term. Adding to that the rapidly increasing worries about a US economy slowing and consequently the potential of overstated earnings forecasts for next year, the already historically above-average valuation levels where some of the most recognized names in the space are trading at seem ever more stretched. This brings a lot of logic into the market-heightened volatility as of late, and more so on the scenario of a rerating of the technology space by market participants. Should worries about the economic growth materialize eventually, such rerating process might easily expand to the entire market.

Market Environment and Performance

In July the Euro area economy maintained a relatively steady economic trajectory, as evidenced by recent Purchasing Managers' Index (PMI) data. The Eurozone Composite PMI for July experienced a slight upward revision to 50.2, signalling minimal economic growth, but marking a deceleration from June's reading and representing the weakest expansion since the upturn began in March. Services continued to drive overall growth (reading of 51.9 versus the previous month reading of 52.8), while manufacturing saw output contracting sharply (reading stable at 45.8). Overall, this resulted in a loss of momentum for the broader private sector economy. Headline inflation unexpectedly edged up to 2.6% in July 2024 from 2.5% in the previous month, while core inflation held steady at 2.9%.

The US economy portrayed nascent signs of cooling. Manufacturing (reading 49.6 v 55.3 in the previous month) pointed to a deterioration in business conditions, while services (reading 55 v 51.6 in the previous month) noted a modest growth, albeit a softer pace. New business saw an increase with services outweighing the dip in manufacturing orders, while employment levels continued to rise. Regarding prices, disinflationary trends sustained, with the more recent data proving supportive for a first rate cut towards year-end. Indeed, the latest inflation release showed a modest slowing, as headline inflation fell for a fourth straight month to 2.9% in July 2024, compared to forecasts and June's reading of 3.0%. Core inflation too eased to an over three-year low at 3.2%.

In July equity markets continued trending upwards until about the middle of the month when a complex sequence of events has started eroding their outstanding performance record year to date. Trade policies from both parts of the US political aisle with potential negative implications on the semiconductors sector, as well as a direct scrutiny on the effectiveness of AI-related capex spending from the so-called hyperscalers have pushed the technology sector to the brink of a bear market. Some other noticeable developments like a swift weakening Japanese Yen has turned Japan as the winning geography during the month. The S&P 500 index gained 0.35% as financials, utilities and real estate unexpectedly outperformed. European markets were also negatively impacted by the semiconductors debacle as the EuroStoxx50 lost 0.29%, suffering mostly from the ASML large index weight.

Global credit markets extended their positive momentum from the latter part of Q2 2024. Government bonds, particularly those with a 7-10 year maturity, exhibited strong performance, with European and US sovereigns generating total returns of 2.51% and 2.89%, respectively. In tandem with the tightening observed in government bonds, investment-grade credit also displayed robust performance, with the US outpacing its European counterpart. Meanwhile, high yield credit maintained its upward trajectory, delivering returns of c. 1.25% and 1.96% for European and US high yield corporates, respectively.

Fund Performance

In July, the CC Global Balanced Income Fund - largely driven by a risk-off sentiment in equity markets, registered a loss of 0.31%.

On the equity allocation, the Fund's allocation has been readjusted, as the Manager reposition it to better respond to recent market developments. New conviction name S&P Global Inc has been added based on a strong business models and balance sheet compounded by a very attractive in-house valuation. The Comcast holding has been liquidated as we deem that the current market context leaves few chances for a material upside in the stock price, while on the longer term the competitive landscape can hardly materialize as a tailwind. Following the market increased volatility in the month's last weeks, we have liquidated positions in the WisdomTree Artificial Intelligence ETF and trimmed exposures to Applied Materials, KLA Corp and TSMC with a view to reducing the overweight Fund's positioning to the semiconductors sector while also looking to monetize some of the accrued gains.

From the fixed income front, the manager - aiming to increase the portfolio's duration in a gradual manner, locking in coupons prior to continued easing, and exposure to European exposure - continued to take advantage of selective opportunities, namely: Zegona Finance, Rabobank , and French shipping and logistics company CMA CGM

Market and Investment Outlook

Going forward, the Manager believes that while recent leading macro data points are revealing a global economy cooling off with weakness coming now from both China and the US, the economic landscape remains benevolent. While the trend of gradual decreasing in inflationary pressures is clear, question marks have been raised as regards its sustainability as of late. The recent upward trend in US unemployment compounded with clear signs of weakness displayed by the US consumer as revealed by large corporates during their earnings reports, clearly warrant a cautious approach going forward.

Credit should continue to perform well on the back of interest rate cuts expectations, with high yield bonds maintaining their resilience versus less risk bonds on the back of higher income returns.

From the equity front, The Manager believes that in the current uncertain environment a cautious approach is warranted. The Fund continues having a diversified allocation with a focus on quality companies and business models benefitting from secular growth trends agnostic to particular macroeconomic developments. While the Manager remains cautious as regards the simple correction framing for the current phase in equities markets, he is nevertheless ready to invest in specific market pockets where value becomes readily available. To this end, cash levels remain elevated in order to optimize the Fund' positioning on the back of possibly market volatility in the coming months.

Disclaimer

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